United Nations Convention on the Law of the Sea SPLOS/280

Meeting of States Parties

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Report on budgetary matters for the financial periods 2013-2014 and 2015-2016

Presented by the Registrar of the International Tribunal for the Law of the Sea

I. Performance report for 2013-2014

1. In June 2012, the twenty-second Meeting of States Parties approved the budget of the Tribunal in the amount of €21,239,120 for the financial period 2013-2014 (SPLOS/250). With a view to providing the Tribunal with the necessary financial means to deal with cases in 2013-2014, in particular cases Nos. 18 (*The M/V "Louisa" Case (Saint Vincent and the Grenadines* v. *Kingdom of Spain)*) and 19 (*The M/V "Virginia G" Case (Panama/Guinea-Bissau)*) and urgent cases requiring expeditious proceedings, the Meeting of States Parties also approved an amount of €5,306,320 under part C, "Case-related costs". This amount was included in the total appropriation amounting to €21,239,120. The Meeting decided that a floor rate of 0.01 per cent and a ceiling rate of 22 per cent would be used in establishing the rate of assessment for States parties for the budget of the Tribunal for 2013-2014.

2. As shown in the performance report for the financial period 2013-2014 (see annex I), the total expenditure for that period stands at €19,241,443, representing 90.59 per cent of the total appropriations (€21,239,120). This performance can be explained by the optimum use of resources in a period of increased judicial workload. In this regard, it may be noted that part C of the budget for the financial period 2013-2014 was used to cover expenses relating to the following cases: the deliberations of the Tribunal and the meeting of the drafting committee in case No. 18, a case on the merits which was filed with the Tribunal in November 2010; the hearing, the initial deliberations and the deliberations on draft judgment, as well as the meeting of the drafting committee in case No. 19, a case on the merits filed with the Tribunal in July 2011; and the hearing and the initial deliberations, as well as the meeting of the drafting committee in case No. 21 (*Request for an advisory opinion submitted by the Sub-Regional Fisheries Commission (SRFC)*), a request for advisory opinion submitted to the Tribunal in March 2013. In addition, one urgent request for provisional measures (case No. 22: *The Arctic Sunrise Case (Kingdom of*

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the Netherlands v. *Russian Federation), Provisional Measures*) was submitted to the Tribunal on 21 October 2013 and the Tribunal delivered its order prescribing provisional measures in the case on 22 November 2013.

3. Under part C, savings amounted to €1,349,782. These savings may be explained by the fact that, while the 2013-2014 budget was calculated on the basis of the costs relating to two and one-half urgent proceedings (in addition to the amount appropriated to case Nos. 18 and 19), the Tribunal dealt with only one urgent case (request for provisional measures in case No. 22), and part of case No. 21 during that period. In addition, the optimal planning of the hearings, initial deliberations and deliberations and meetings of the drafting committees in cases Nos. 18, 19 and 21 also resulted in savings under "Case-related costs".

4. It may be noted that, if the case-related costs were excluded, the performance rate for the financial period would be 95.93 per cent.

5. Under budget section 1, "Judges", an overexpenditure of €19,354 occurred in the budget line "annual allowances". This overexpenditure was due mainly to the fact that two judges whose term ended in September 2014 continued to sit in case No. 21, in accordance with the Rules of the Tribunal from October 2014 until December 2014. During that period, the two judges continued to receive their annual allowance, while their pension payments were suspended. Another factor that explains the overexpenditure is the revision of the remuneration of the members of the Tribunal that took place twice during the financial period, in January 2013 and January 2014. That overexpenditure, totalling €19,354, was fully absorbed by the redeployment of the appropriations within the section "Judges". As a result, this section shows a final balance of €226,670.

6. Under section 2, "Staff costs", savings amounting to €315,144 relate mainly to the budget lines "established posts" and "common staff costs". The savings under "established posts" are due to vacant positions in the Registry during the period under review. Savings under "common staff costs" resulted largely from savings on staff entitlements (costs on separation and installation, education grant and home leave).

7. Section 3, "Representation allowance", shows a negative balance of €158. This overexpenditure is due entirely to the depreciation of the euro against the United States dollar throughout the budget period. It is proposed that this overrun be financed by the savings from section 2, which shows savings of €315,144.

8. The budget line "special services (external audit)" under section 6, "Operating expenditures", also shows an overexpenditure of €9,600. The overexpenditure is due to the fact that, owing to an oversight, the amount approved in the 2013-2014 budget reflected only half of the required amount (€20,000). This matter, as well as the anticipated overexpenditure resulting therefrom, was reported to the Meeting of States Parties in June 2014 (see SPLOS/2014/WP.1). This overexpenditure was fully absorbed by the redeployment of appropriations within section 6, which shows savings in the amount of €100,252.

II. Report on action taken pursuant to the decision of the twenty-fourth Meeting of States Parties concerning the budget of the Tribunal for 2015-2016

9. In June 2014, the twenty-fourth Meeting of States Parties took a decision on budgetary matters (SPLOS/275), paragraphs 1, 3 and 4 of which read as follows:

> "1. The Meeting of States Parties, having considered the draft budget proposals of the International Tribunal for the Law of the Sea for 2015-2016 (SPLOS/2014/WP.1), approved the amount of €18,886,200 as the budget of the Tribunal for 2015-2016, which represents a reduction of €1,159,100 compared with the proposed budget as it appears in annex I to the above-mentioned document. The Meeting notes that this represents a decrease of €2,352,920 compared with the amount approved for the financial period 2013-2014.
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> ...
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> "3. On the basis of the report on budgetary matters for the financial periods 2011-2012 and 2013-2014 (SPLOS/268), the Meeting notes that the surplus cash from the financial period 2011-2012 amounts to €879,051. The Meeting decided that, of that amount, €529,051 would be surrendered and deducted from the contributions of States parties for 2015, in accordance with financial regulation 4. It also decided that an amount of €350,000 would be transferred, on an exceptional basis, to the Working Capital Fund, to cover the cost of considering cases that cannot be met from the funds allocated for case-related costs.
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> "4. The Meeting encourages the Registrar to continue to manage the funds in a prudent and efficient manner, trying to achieve optimum utilization of financial resources of the Tribunal. The Meeting requests the Registrar to explore ways of making additional savings in the budget of the Tribunal, keeping in mind the need for the Tribunal to function effectively, and to report on this matter to the Meeting at its next session."

10. Pursuant to paragraph 1 of the above-mentioned decisions, the appropriations approved for 2015-2016 were reduced by €1,159,100 from the proposed amount (€20,045,300). Further to paragraph 4 of the same decisions, the Tribunal, at its thirty-eighth session, in October 2014, considered a report prepared by the Registrar and decided to examine this matter in the light of the performance report for the budget 2013-2014. On that basis, in March 2015, at its thirty-ninth session, the Tribunal decided that reductions would be made in respect of the following budget lines (in euros):

1.3	Travel to sessions	15 000
1.4	Judges' common costs	10 000
3.5	Overtime	2 000
3.6	Temporary assistance for meetings	6 000
3.7	General temporary assistance	3 000
7.2	Rental and maintenance of equipment	15 000
7.3	Communications	5 000

9.1	Purchase of equipment	2 600
10.3	Travel to meetings, including judges ad hoc	10 000
	Total	**68 600**

11. Those reductions are made in the light of the budget performance of the previous financial period of the Tribunal, keeping in mind the need for the Tribunal to be able to discharge its functions. In that connection, it should be noted that the budget, as approved in June 2014 by the Meeting of States Parties, already contained decreases in several budget lines under Part A, "Recurrent expenditure" ("overtime", "temporary assistance for meetings", "general temporary assistance", "maintenance of premises (including security)", "communications", "supplies and materials" and "external printing and binding") in comparison with the approved budget for 2013-2014. The savings currently proposed thus represent further decreases.

12. Those additional savings are made on the understanding that the Tribunal would continue to operate under normal circumstances.

13. No reductions under "established posts" or "common staff costs" have been made, since the appropriations were calculated on the basis of United Nations standards costs (with respect to "established posts") and of estimated actual requirements (with respect to "common staff costs"). In that respect, it may be observed that the savings in the budget performance for the previous financial period are the result of temporary vacancies in the Registry of the Tribunal. Since then, those vacancies have been filled.

14. A revised budget table for 2015-2016 reflecting those reduction is contained in annex II to the present document.

III. Report on action taken pursuant to the Financial Regulations of the Tribunal

A. Surrender of cash surplus from the financial period 2011-2012

15. Pursuant to the information communicated to the Meeting of States Parties (see SPLOS/268, paras. 9 and 10), an amount of €529,051 was surrendered to States parties and deducted from their contributions for 2015 and for earlier financial periods, where applicable, in accordance with regulation 4 of the Financial Regulations of the Tribunal (see SPLOS/275, para. 3).

B. Investment of funds of the Tribunal

16. In respect of the investment of funds of the Tribunal, regulation 9 of the Financial Regulations of the Tribunal stipulates the following:

> "9.1 The Registrar may make prudent short-term investments of moneys not needed for immediate requirements and shall inform the Tribunal and the Meeting of States Parties periodically of such investments.
>
> ...

"9.2 Income derived from investments shall be credited to miscellaneous income or as provided in the rules relating to each fund or account."

17. In 2013 and 2014, the Tribunal's funds were kept in Chase Bank and Deutsche Bank in United States dollars and euros as short-term investments, which are investments made for less than 12 months, according to rule 109.1 of the Financial Rules of the Tribunal. The funds yielded interest amounting to €15,266 during 2013 and 2014. This earned interest has been credited as miscellaneous income, in accordance with regulation 9.2 of the Financial Regulations of the Tribunal.

C. Trust fund for the law of the sea

18. At its twenty-eighth session, the Tribunal approved the Registrar's proposal to establish a trust fund for the law of the sea in accordance with the Financial Regulations of the Tribunal. The Registrar established the new trust fund for the law of the sea with the Deutsche Bank in Hamburg. The trust fund is intended to promote the advancement of human resources in developing countries in the law of the sea and maritime affairs in general. Contributions to be made to the trust fund will be used to provide financial assistance for the participation of applicants from developing countries in the Tribunal's internship programme and the summer academy.

19. The first contribution to the trust fund, in the amount of €25,000, was made in 2010 by Korwind, a Hamburg-based company from the Republic of Korea working in the field of renewable energy. Subsequent contributions from the Korea Maritime Institute were made in October 2011 (€15,000), December 2012 (€15,000), October 2013 (€15,000), August 2014 (€20,000) and December 2014 (€15,000)). Since July 2012, the trust fund has been used to support the Tribunal's internship programme and provide financial assistance to interns from developing countries. The trust fund was also used to finance a regional workshop held in Nairobi in August 2014. As at 31 December 2014, the performance of the trust fund was as follows (in euros):

Contributions	50 000
Loss on exchange	(354)
Total income	**49 646**
Expenditures on participants and authorized activities	(40 906)
Bank charges	(543)
Total expenditure	**41 449**
Excess of income over expenditure	**8 197**
Reserves from prior periods	39 992
Available balance	**48 189**

D. Nippon Foundation trust fund

20. In March 2007, the Tribunal and the Nippon Foundation signed the Nippon Foundation grant agreement. Pursuant to the agreement, the Nippon Foundation agreed to contribute an amount of €200,000 to the Nippon Foundation International Tribunal for the Law of the Sea capacity-building and training programme on dispute settlement under the United Nations Convention on the Law of the Sea.

21. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal, a trust fund was subsequently established and a special euro bank account named "Nippon Foundation Grant" set up with Deutsche Bank. The purpose of the grant is to finance the expenses of participants from developing countries in the aforementioned programme.

22. A second contribution of €200,000 was made to the Tribunal in March 2008, and a third in March 2009. Five more contributions in the amount of €230,000 each were made in March 2010, March 2011, March 2012, March 2013 and March 2014, respectively. The performance of the Nippon Foundation grant as at 31 December 2014 is reported to the Meeting of States Parties in accordance with regulation 6.5 of the Financial Regulations of the Tribunal, as follows (in euros):

Grants from the Nippon Foundation	460 000
Loss on exchange	(30)
Total income	**459 970**
Expenditures on participants and authorized activities	(427 906)
Bank charges	(638)
Non-refundable tax	(510)
Total expenditures	**429 054**
Excess of income over expenditure	**30 916**
Reserves from prior periods	236 308
Available balance	**267 224**

E. China Institute of International Studies trust fund

23. Following the signing of a memorandum of understanding between the Tribunal and the China Institute of International Studies (CIIS) on 3 May 2012, a trust fund, designated as the CIIS Grant, was set up to support the Tribunal's internship programme, the summer academy of the International Foundation for the Law of the Sea and other projects, including regional workshops. A contribution from the Institute to the grant in the amount of €100,000 was received on 20 June 2012 and used to support the internship programme and the summer academy. As at 31 December 2014, the balance stood at €15,878, which is reserved to fund the organization of a regional workshop in West Africa.

IV. Proposal regarding the participation of the Tribunal in the International Civil Service Commission

24. Since its establishment in 1996, the Tribunal applies the United Nations common system of salaries, allowances and other conditions to its staff. This practice is in line with the Agreement on Cooperation and Relationship concluded between the Tribunal and the United Nations on 18 December 1997. Pursuant to article 6 of that Agreement, the United Nations and the Tribunal agree to apply, as far as practicable, common personnel standards, methods and arrangements designed to avoid serious discrepancies in terms and conditions of employment, to avoid competition in recruitment of personnel and to facilitate any mutually desirable interchange of personnel in order to obtain the maximum benefit from their services.

25. The conditions of service of the United Nations common system is regulated and coordinated by the International Civil Service Commission. The Commission performs such functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the statute of the Commission (ICSC/1/Rev.1, art. 1, para. 2) and, to that end, is mandated to cover all aspects of staff employment conditions, such as Professional salary scales, schedules of post adjustment, the level of dependency allowances and education grant, daily subsistence allowances and hardships allowances.

26. The Tribunal has not participated in the work of the Commission to date. However, organizations that have committed to applying the common system can participate in and contribute to the work of the Commission by subscribing in writing to its statute and by making a financial contribution to it. The International Seabed Authority is among the organizations participating in the Commission.

27. Should it participate in the work of the Commission, the Tribunal would receive on a regular basis information on new developments relating to the conditions of service within the common system and contribute to the decision-making of the Commission on human resources management policies. The Tribunal would also be able to consult the Commission on any questions in connection with the common system. This would facilitate the decision-making process, eliminate mistakes when applying the common system and maintain an efficient functioning of the Tribunal. The costs for participation in the Commission are calculated on the basis of the number of staff of the organizations. For the biennium 2015-2016, for example, the Tribunal's contribution for its participation in the Commission would be approximately $18,000.

28. The Tribunal considered its participation in the Commission during its thirty-ninth session in March 2015 and decided to propose to the Meeting of States Parties that the Tribunal subscribe to the Statute of the Commission with effect from 1 January 2016, on the understanding that the additional expenditure related thereto ($9,000 per annum) should be absorbed into the current budget.

Annex I

Performance report for 2013-2014 (in euros)

Part Section	*Objects of expenditure*	*2013-2014 approved budget*	*2013 expenditure (as at 31 December 2013)*	*2014 disbursement (as at 31 December 2014)*	*2013-2014 total expenditure (as at 31 December 2014)*	*Balance*	*Total expenditure/ approved budget (percentage)*
A	**Recurrent expenditure**						
1	**Judges**	5 228 000	2 410 124	2 591 206	5 001 330	226 670	
1.1	Annual allowances	3 013 400	1 499 490	1 533 264	3 032 754	(19 354)	100.64
1.2	Special allowances	909 600	381 552	441 587	823 139	86 461	90.49
1.3	Travel to sessions	282 500	103 578	103 027	206 605	75 895	73.13
1.4	Judges' pension scheme	880 700	416 815	402 382	819 197	61 503	93.02
1.5	Common costs	141 800	8 689	110 946	119 635	22 165	84.37
2	**Staff costs**	7 130 000	3 317 104	3 497 752	6 814 856	315 144	
2.1	Established posts	4 664 200	2 306 203	2 333 935	4 640 138	24 062	99.48
2.2	Common staff costs	2 045 000	862 139	925 826	1 787 965	257 035	87.43
2.3	Overtime	29 400	10 175	14 979	25 154	4 246	85.56
2.4	Temporary assistance for meetings	207 200	66 208	123 178	189 386	17 814	91.40
2.5	General temporary assistance	113 100	41 597	59 760	101 357	11 743	89.62
2.6	Training	71 100	30 782	40 074	70 856	244	99.66
3	**Representation allowance**	11 300	5 746	5 712	11 458	(158)	101.40
4	**Official travel**	180 300	64 649	113 599	178 248	2 052	98.86
5	**Hospitality**	13 900	6 931	6 655	13 586	314	97.74
6	**Operating expenditures**	2 898 500	1 210 210	1 588 038	2 798 248	100 252	
6.1	Maintenance of premises (including security)	2 165 600	916 880	1 239 440	2 156 320	9 280	99.57
6.2	Rental and maintenance of equipment	361 400	152 346	152 723	305 069	56 331	84.41
6.3	Communications	197 200	73 863	87 687	161 550	35 650	81.92
6.4	Miscellaneous services and charges (including bank charges)	40 000	19 435	13 878	33 313	6 687	83.28
6.5	Supplies and materials	123 900	47 686	74 310	121 996	1 904	98.46
6.6	Special services (external audit)	10 400	0	20 000	20 000	(9 600)	192.31

Part Section	Objects of expenditure	2013-2014 approved budget	2013 expenditure (as at 31 December 2013)	2014 disbursement (as at 31 December 2014)	2013-2014 total expenditure (as at 31 December 2014)	Balance	Total expenditure/ approved budget (percentage)
7	**Library and related costs**	316 000	127 282	188 424	315 706	294	
7.1	Library — procurement of books and publications	236 000	115 000	120 949	235 949	51	99.98
7.2	External printing and binding	80 000	12 282	67 475	79 757	243	99.70
B	**Non-recurrent expenditure**						
8	**Furniture and equipment**						
8.1	Purchase of equipment	154 800	27 404	124 069	151 473	3 327	97.85
C	**Case-related costs**	5 306 320	2 210 288	1 746 250	3 956 538	1 349 782	74.56
10	**Judges**	3 982 130	1 680 830	1 285 206	2 966 036	1 016 094	74.48
10.1	Special allowances	3 180 990	1 488 565	1 140 593	2 629 158	551 832	82.65
10.2	Compensation to judges ad hoc	294 210	82 318	57 794	140 112	154 098	47.62
10.3	Travel to meetings, including judges ad hoc	506 930	109 947	86 819	196 766	310 164	38.82
11	**Staff costs**	1 324 190	529 458	461 044	990 502	333 688	74.80
11.1	Temporary assistance for meetings	1 261 940	507 395	456 636	964 031	297 909	76.39
11.2	Overtime	62 250	22 063	4 408	26 471	35 779	42.52
12	**Miscellaneous**	0	0		0	0	
D	**Working Capital Fund**	0	0		0	0	
	Total	**21 239 120**	**9 379 738**	**9 861 705**	**19 241 443**	**1 997 677**	**90.59**

Annex II

Revised budget table for 2015-2016 (in euros)

Part *Section*	*Objects of expenditure*	*2015-2016 approved budget*	*Additional savings*	*2015-2016 revised budget*
A	**Recurrent expenditure**			
1	**Judges**	4 271 100	(25 000)	4 246 100
1.1	Annual allowances	3 008 300	0	3 008 300
1.2	Special allowances	917 900	0	917 900
1.3	Travel to sessions	289 600	(15 000)	274 600
1.4	Common costs	55 300	(10 000)	45 300
2	**Judges' pension scheme**	967 800	0	967 800
2.1	Pension in payment	782 800	0	782 800
2.2	Pension for retiring judges	185 000	0	185 000
3	**Staff costs**	7 544 900	(11 000)	7 533 900
3.1	Established posts	6 257 000	0	6 257 000
3.2	Staff assessment/credit	(1 171 800)	0	(1 171 800)
3.3	Reimbursement of national taxes	0	0	0
3.4	Common staff costs	2 045 000	0	2 045 000
3.5	Overtime	27 000	(2 000)	25 000
3.6	Temporary assistance for meetings	203 900	(6 000)	197 900
3.7	General temporary assistance	110 900	(3 000)	107 900
3.8	Training	72 900	0	72 900
4	**Representation allowance**	11 100	0	11 100
5	**Official travel**	180 300	0	180 300
6	**Hospitality**	14 300	0	14 300
7	**Operating expenditures**	2 908 000	(20 000)	2 888 000
7.1	Maintenance of premises (including security)	2 159 000	0	2 159 000
7.2	Rental and maintenance of equipment	370 600	(15 000)	355 600
7.3	Communications	194 200	(5 000)	189 200
7.4	Miscellaneous services and charges (including bank charges)	41 000	0	41 000
7.5	Supplies and materials	122 400	0	122 400
7.6	Special services (external audit)	20 800	0	20 800
8	**Library and related costs**	320 000	0	320 000
8.1	Library — procurement of books and publications	242 000	0	242 000
8.2	Start-up costs of library			
8.3	External printing and binding	78 000	0	78 000

Part *Section*	*Objects of expenditure*	*2015-2016 approved budget*	*Additional savings*	*2015-2016 revised budget*
B	**Non-recurrent expenditure**			
9	**Furniture and equipment**	157 400	(2 600)	154 800
9.1	Purchase of equipment	157 400	(2 600)	154 800
9.2	Purchase of special equipment			
10	Alteration to premises	0	0	0
C	**Case-related costs**			
10	**Judges**	1 899 700	(10 000)	1 889 700
10.1	Special allowances	1 468 500	0	1 468 500
10.2	Compensation to judges ad hoc	110 800	0	110 800
10.3	Travel to meetings, including judges ad hoc	320 400	(10 000)	310 400
11	**Staff costs**	611 600	0	611 600
11.1	Temporary assistance for meetings	577 800	0	577 800
11.2	Overtime	33 800	0	33 800
D	**Working Capital Fund**	0	0	0
	Total	**18 886 200**	**(68 600)**	**18 817 600**